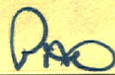


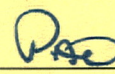
March 1, 2000

IN RE: DOCKET NO. 1999-469-C - BELLSOUTH

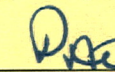
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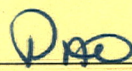
Chief, McDaniel



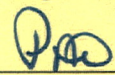
Legal Dept. (2)



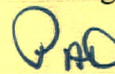
Exec. Director



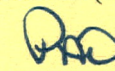
Manager, Utilities Dept.



Accounting (1)



Research (1)



Commissioners (7)

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ACCEPTED FOR PROCESSING - 2019 November 26 9:38 AM - SCPSC - 1999-469-C - Page 2 of 13

SINKLER & BOYD, P.A.

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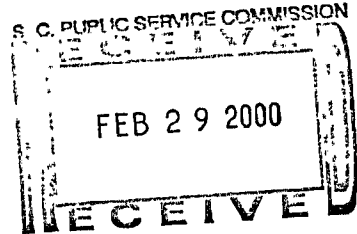
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WRITER'S DIRECT DIAL NUMBER
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February 29, 2000



VIA HAND DELIVERY:

Mr. Gary Walsh
Executive Director
South Carolina Public Service Commission
Post Office Drawer 11649
Columbia, South Carolina 29211

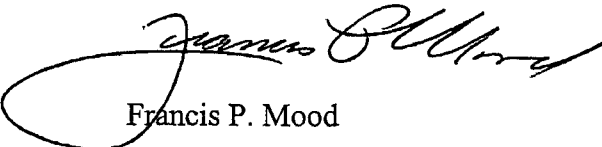
Re: BellSouth Section 58-9-576
Docket No. 1999-469-C

Dear Mr. Walsh:

Enclosed for filing with the Commission are 25 copies of Testimony of Gregory J. Tate on Behalf of AT&T Communications of The Southern States, Inc. in the above-referenced matter. All parties of record are being served as indicated in the attached Certificate of Service.

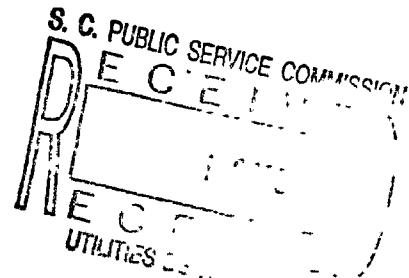
If you have any questions or concerns regarding this filing, please do not hesitate to call.

Best regards,


Francis P. Mood

FPM:gpc
Enclosures

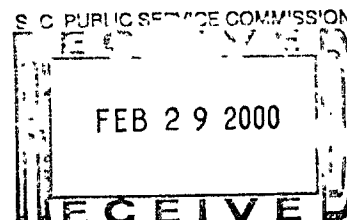
cc: Carolina N. Watson, Esquire
Elliott F. Elam, Jr., Esquire
Darra W. Cothran, Esquire
Terrance A. Spain, Esquire
John F. Beach, Esquire
John J. Pringle, Esq.
Claudia Davant-DeLoach



CERTIFICATE OF SERVICE

I do hereby certify that I have this 29th day of February, 2000 sent via U.S. Mail, postage prepaid, a true and correct copy of a **LETTER TO GARY E. WALSH, EXECUTIVE DIRECTOR THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA, DATED FEBRUARY 29, 2000 and TESTIMONY OF GREGORY J. TATE ON BEHALF OF AT&T COMMUNICATIONS OF THE SOUTHERN STATES, INC.** to the following:

Gary W. Walsh Mr. Gary Walsh
Executive Director
South Carolina Public Service Commission
Post Office Drawer 11649
Columbia, South Carolina 29211



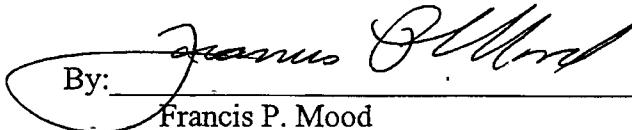
Caroline N. Watson, Esquire
BellSouth Telecommunications, Inc.
Post Office Box 752
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Elliott F. Elam, Jr.
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John J. Pringle, Esquire
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Columbia, SC 29211

By: 
Francis P. Mood

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DW 229-00

S. C. PUBLIC SERVICE COMMISSION
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FEB 29 2000
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1 TESTIMONY OF GREGORY J. TATE
2 ON BEHALF OF AT&T COMMUNICATIONS
3 OF THE SOUTHERN STATES, INC.

4
5 BEFORE THE
6 SOUTH CAROLINA PUBLIC SERVICE COMMISSION
7 DOCKET NO. 1999-469-C
8 FILED: February 29, 2000

S. C. PUBLIC SERVICE COMMISSION
RECEIVED
MAR 01 2000
RECEIVED
UTILITIES DEPARTMENT

9
10
11
12 Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND
13 TITLE.

14
15 A. My name is Gregory J. Tate and my business
16 address is AT&T, 1200 Peachtree Street, NE,
17 Atlanta, Georgia, 30309. I am employed by AT&T
18 as Manager-Access Management organization.

19
20
21 Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND
22 WORK EXPERIENCES.

23
24 A. I received a Master of Business Administration
25 with a concentration in Executive Management

RETURN DATE: *OK DW*
SERVICE: *OK DW*

1 from Fairleigh Dickinson University, Teaneck,
2 N.J. in 1995. In 1985, I received a Bachelor
3 of Arts degree in Communications from Shaw
4 University, Raleigh, N.C. In 1986, I joined
5 AT&T's Long Distance Billing organization. And
6 from 1986 through 1995, I held numerous
7 positions centered around AT&T's Long Distance
8 billing initiatives, including: International
9 Settlements, Billing Takeback, Process
10 Management, Software Testing, Revenue
11 Journalization, and Unit Costing. Since 1995,
12 I have been heavily involved in functional
13 activities triggered by the Telecommunications
14 Act of 1996. Working with the Regulatory
15 Finance organization, I served as a Cost
16 Analyst dealing specifically with the issue of
17 Local Service Resale (wholesale versus retail
18 costs). Similarly, as it related to the issue
19 of costs for Unbundled Network Elements (UNE),
20 I dealt with the issue of Shared and Common
21 Costs as a component of total Network Element
22 Costs. Later, pursuant to intrastate Universal
23 Service proceedings, I dealt with the issue of
24 Operations Expenses as a component of the total
25 monthly cost for Basic Local Service.

1

2 Q. PLEASE DESCRIBE YOUR CURRENT RESPONSIBILITIES.

3

4 A. My current responsibilities include directing
5 switched access analytical support activities
6 necessary for AT&T's provision of intrastate
7 communications services in the southern states.
8 This includes detailed analysis of switched
9 access charges and other Local Exchange Company
10 ("LEC") filings to assess their impact on AT&T
11 and its customers. In this capacity, I will
12 represent AT&T through formal testimony before
13 the Public Service Commissions, in the southern
14 states.

15

16

17 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

18

19 A. The purpose of my testimony is to show that
20 BellSouth is charging rates for switched access
21 services that are (10) times greater than the
22 amount it charges for the same functionality
23 for Unbundled Network Elements. Thus,
24 BellSouth is charging two different rates for
25 functionally equivalent services.

1

2

3 Q. COULD YOU DESCRIBE THE CURRENT LEVEL OF
4 INTRASTATE SWITCHED ACCESS CHARGES IN SOUTH
5 CAROLINA?

6

7 A. Yes. BellSouth's intrastate switched access
8 charges in South Carolina are approximately
9 (6.1 cents) per minute including two ends of
10 switched access - or, on an average basis,
11 approximately (3.05 cents) per access minute of
12 use (one end of access).

13

14

15 Q. HOW DOES BELL SOUTH'S INTRASTATE SWITCHED ACCESS
16 RATES IN SOUTH CAROLINA COMPARE WITH ITS
17 INTRASTATE SWITCHED RATES IN OTHER STATES?

18

19 A. As of today, BellSouth's rates in South
20 Carolina are the second highest in the region.
21 BellSouth's current Intrastate access rates in
22 each jurisdiction are outlined in chart below.

23

24

25

State	Current
N.C.	\$0.063
S.C.	\$0.061
FL	\$0.049
KY	\$0.033
TN	\$0.031
MS	\$0.031
AL	\$0.026
LA	\$0.025
GA	\$0.019

1

2 Q. DOES BELLSOUTH CURRENTLY HAVE PLANS TO FURTHER
3 REDUCE INTRASTATE SWITCHED ACCESS RATES IN
4 OTHER STATES?

5

6 A. Yes. AT&T and BellSouth currently await final
7 approval on a joint stipulation reached in
8 North Carolina. As part of this stipulation,

1 BellSouth has agreed to reduce its intrastate
2 rates (in three phases): down to (4.0 cents)
3 per minute including two ends of switched
4 access immediately upon final approval of
5 stipulation; down to (2.0 cents) for two ends
6 of access on the 2nd anniversary of the
7 stipulation in 2002; and Apart from this
8 stipulation, BellSouth has agreed to reduce its
9 intrastate rate in North Carolina to (1.0 cent)
10 for two ends of access by January 1, 2003.
11 Approval by the North Carolina Utilities
12 Commission (which is expected) will leave South
13 Carolina with the highest access charges, by
14 far, among the nine Southern states served by
15 BellSouth. Also, in conjunction with its high
16 cost fund certification, BellSouth has recently
17 proposed to immediately reduce intrastate rates
18 in Mississippi to (1.0 cents) per minute
19 including two ends of switched access.
20 Furthermore, BellSouth has stipulated to reduce
21 intrastate rates in Tennessee to (1.5 cents)
22 per minute including two ends of switched
23 access on January 1, 2001.

24
25

1 Q. HOW DOES BELL SOUTH'S SWITCHED ACCESS PRICES
2 COMPARE WITH APPROVED PRICES FOR THE UNBUNDLED
3 INTERCONNECTION RATE ELEMENTS?
4

5 A. BellSouth's switched access charges are
6 significantly greater than the charges it would
7 levy for a comparable interconnection
8 arrangement. As previously noted, BellSouth
9 charges approximately (6.1 cents) for two ends
10 of switched access. Essentially, if an access
11 customer selected identical service from the
12 unbundled network elements menu, the charges
13 would be approximately (6 tenths of one cent -
14 \$.006) for a long distance call. Thus,
15 BellSouth charges its switched access customers
16 approximately 10 times the amount that it would
17 charge an interconnection customer for
18 identical functionality.
19
20

21 Q. IS IT PRACTICAL FOR AT&T TO SATISFY ITS DEMAND
22 FOR ACCESS SERVICES FROM A COMPANY OTHER THAN
23 BELL SOUTH?
24

1 A. No. In BellSouth's service area, BellSouth is
2 the only supplier with sufficient capacity to
3 provide access to AT&T's residential and
4 business customers.
5
6
7 Q. DOES BELLSOUTH DISCRIMINATE AGAINST
8 INTEREXCHANGE CARRIERS VERSUS COMPETITIVE LOCAL
9 EXCHANGE CARRIERS? EXPLAIN.
10
11 A. Yes. A call that transverses BellSouth's local
12 network that is classified as a toll call is
13 billed from BellSouth's access tariff to
14 interexchange carriers. A call that transverses
15 BellSouth's local network that is classified as
16 a local call is billed from BellSouth's local
17 interconnection tariff to competitive local
18 exchange carriers. Both of these calls utilize
19 the same BellSouth loop, BellSouth switch(es),
20 and BellSouth interoffice facility(ies).
21 BellSouth should be compensated for the use of
22 their network and not be allowed to
23 discriminate against the type of call being
24 placed over that network.
25

1

2 Q. BASED ON THE UNE RATES, DESCRIBE THE MARK-UP ON
3 SWITCHED ACCESS CHARGES IN SOUTH CAROLINA.

4

5 A. This Commission has conducted a proceeding to
6 establish forward-looking cost-based UNE rates.
7 The UNE elements utilized in transporting and
8 terminating calls provide the same
9 functionality as switched access. The
10 Commission established cost-based UNE rates for
11 transport and termination is approximately (6
12 tenths of a cent) for two ends (originating and
13 terminating). This produces a mark-up of
14 nearly 1,000% on BellSouth's switched access
15 rates in South Carolina.

16

17

18 Q. HOW DOES THE MARK-UP ON SWITCHED ACCESS CHARGES
19 COMPARE WITH THE MARK-UP ON OTHER MAJOR REVENUE
20 PRODUCING ILEC SERVICES?

21

22 A. The other major revenue producing services
23 generally include: 1) local residential
24 service, 2) local business service, and 3)
25 IntraLATA toll.

1
2 On a statewide average, local residential
3 services on a stand alone basis generally cover
4 the cost of providing these services but do not
5 enjoy significant mark-ups over cost. Local
6 business services, having similar cost
7 structures as local residential service and
8 much higher rates, are generally contributing
9 to the overall profitability of BellSouth.
10 IntraLATA toll is also a profitable service for
11 the LECs. However, assuming an average revenue
12 per minute in the 10 cent range, and a cost to
13 transport and terminate a call of \$.006 (6
14 tenths of a cent) and another 2 or 3 cents per
15 minute to provide the call, mark-up is
16 approximately 300% - significantly below that
17 of switched access service.

18

19

20 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

21

22 A. Yes.